

STATE OF IOWA
DEPARTMENT OF COMMERCE
UTILITIES BOARD

IN RE: AQUILA, INC., d/b/a AQUILA NETWORKS	DOCKET NO. 199 IAC 19.12(4)
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ORDER GRANTING EXTENSION

(Issued July 18, 2003)

On February 26, 2003, Aquila, Inc., d/b/a Aquila Networks (Aquila), filed a request to extend the five-year period on flexible rate discounts under paragraph 199 IAC 19.12(4)"d" to ten years for the one customer identified in Aquila's semi-annual flexible rate activities report for the period July-December 2002. Paragraph 199 IAC 19.12(4)"d" states that no flexible rate discount shall be offered for more than five years unless the Board determines that a longer period is warranted. Aquila is requesting the extension for the single customer because of the nature and magnitude of the customer's investment in the new plant being served.

It appears the contract with the ten-year period for the discounted rate was executed on April 1, 2002. Aquila did not file for Board approval of the extension of the five-year period in 199 IAC 19.12(4)"d" until February 26, 2003. Thus, it appears Aquila entered into the contract before the Board granted the extension, in violation of Board rules. Based upon Aquila's failure to obtain prior approval of the extension, the Board would be justified in denying the extension.

However, the Board recognizes that the customer made a significant investment at least partially in reliance upon the discounted rate and that this is Aquila's only flexible rate discount customer. On that basis, the Board will grant the extension as requested by Aquila. This action does not excuse Aquila's failure to obtain Board approval prior to offering a ten-year discounted rate to the customer. The Board does not expect to see a repeat of this situation.

IT IS THEREFORE ORDERED:

The flexible rate discount period is extended from five years to ten years as requested by Aquila, Inc., d/b/a Aquila Networks, on February 26, 2003.

UTILITIES BOARD

/s/ Diane Munns

/s/ Mark O. Lambert

ATTEST:

/s/ Judi K. Cooper
Executive Secretary

/s/ Elliott Smith

Dated at Des Moines, Iowa, this 18th day of July, 2003.